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IMPACT OF CELEBRITY BRAND ENDORSEMENTS ON BRAND IMAGE AND PRODUCT PURCHASES -A STUDY FOR PUNE REGION OF INDIA

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ABSTRACT

Celebrity endorsement has been established as one of the most popular tools of advertising in recent time. It has become a trend and perceived as a winning formula for product marketing and brand building. The objective of this research paper was to examine the relationship between celebrity endorsements of brands and its impact on consumer's buying behavior in beverage industry in India. The study attempted to evaluate the celebrity endorsements as effective brand management strategy and to analyze the factors that contribute to the building up of positive brand image for the product. The scope of the study was limited to Pune region of India with a sample size of 500 respondents. The study employed Chi-Sq testing to evaluate the association of celebrity endorsements on brand purchases and to study the consumer's perception about celebrity brand endorsements.

KEYWORDS: Celebrity Endorsement, Brand Personality, Brand Image

INTRODUCTION

"Advertisements that use celebrity endorsers enjoy high popularity among brand managers. Each year, companies spend vast amounts of money to convince celebrities to endorse their products and brands for instance; Nike spent about $339 million on endorsements and their dissemination in advertising campaigns in 2004. In India, approximately 45 percent of all televised commercials feature celebrities; in US, approximately 25 percent of all advertising campaigns employ the celebrity endorsers. This communication strategy benefits from the widespread belief that celebrities positively influence the image of the advertised brands, such that a key outcome is a favorable effect on brand image" (Erfgen, 2011).

The latter part of the '80s saw the burgeoning of a new trend in India– brands started being endorsed by celebrities. Hindi film and TV stars as well as sportspersons were roped in to endorse prominent brands. Probably, the first ad to cash in on star power in a strategic, long-term, mission statement kind of way was Lux soap. This brand has, perhaps as a result of this, been among the top three in the country for much of its lifetime.

India is one country, which has always adored the stars of the celluloid world. Therefore it makes tremendous sense for a brand to procure a celebrity for its endorsement. In India there is an exponential potential for a celebrity endorsement to be perceived as genuinely relevant, thereby motivating consumers to go in for the product. This would especially prove true if the endorser and the category are a natural lifestyle fit like sportspersons and footwear, Kapil-Sachin and Boost or film stars and beauty products.

In the Indian context, it would not be presumptuous to state that celebrity endorsements can aggrandize the overall brand. We have numerous examples exemplifying this claim. A standard example here is Coke, which, till recently, didn't use stars at all internationally. In fact, India was a first for them. The result was a ubiquitously appealing Aamir cheekily stating Thandamatlab Coca Cola. The recall value for Nakshatra advertising is only due to the sensuous Aishwarya. The Parker pen brand, which by itself commands equity, used Amitabh Bachchan to revitalize the brand in India.

According to Pooja Jain, Director, Luxor Writing Instruments Ltd (LWIL), post Bachchan, Parker's sales have increased by about 30 per cent.

LITERATURE REVIEW

"The power of the celebrity (celebrity endorsement image) as reflected by the market niche's (target) perception of the celebrity's personality, credibility, popularity value and attractiveness gives the consumers' appeal and acceptability of the endorsed brand some openness. The openness to change worked upon by the strength of psychological commitment between brands and consumers and the associated power of communication of the endorser change beliefs, ideas and shifts about a brand; thus promoting brand switch, changing loyalty status, and greater influence on evaluation of brand and its purchase intentions" (Cohoi and Rifon 2007).

Advertising employing celebrity endorsers enjoys high popularity among brand managers (e.g., Amos et al., 2008). Strong, unique, and favorable brand associations help companies differentiate their products from those of competitors and thus support a competitive advantage (Aaker, 1991; Krishnan, 1996). As a brand value driver, brand image also establishes an important foundation for a brand's monetary value (Keller, 1993).

Two previous literatures by (Erdogan, 1999; Kaikati, 1987) and one meta-analysis (Amos et al., 2008) have attempted to summarize celebrity endorsement literature, yet no systematic investigation reveals success factors for brand image effects. That is, in these reviews the contribution of celebrity endorsers to brand image has not been examined explicitly or separately from other measures of advertising effectiveness, such as attention, recall, or purchase intention. Furthermore, existing reviews are limited to literature pertaining to the selection of celebrity endorsers, including source effects such as credibility, attractiveness, fit or negative information. Erdogan's (1999, p. 291) review, for example, "seeks to explore variables, which may be considered in any celebrity selection process by drawing together strands from various literature."

It was observed by Escalas & Bettman 2003) that consumers associate or dissociate themselves from brand based on celebrity endorsement on the basis of their self-related needs, such as "self-enhancement." "Consumers may construct their self-identity and present themselves to others through their brand choices based on the congruency between brand-user associations and self-image associations" (Escalas and Bettman 2005).

The workability of Strategic Market Perspective(SMP) on consumer focuses its searchlight on the Consumer Personal Management, an exposition of individual characteristics based on personality theories (Kamins 1990, Danes hvary and Schwer2000).

Advertisers strive to rope in such celebrities for endorsement who are not only attractive (Baker and Churchill Jr 1977) but credible as well (Sternthal, Dholakia et al. 1978) as these factors in combination creates a comprehensive impact in consumers mind. Consumers associate better with celebrities who are credible and trustworthy, some like those who are attractive and posses charming physical features, and some look for and consider both of these dimensions. "Additionally advertisers also look for an appropriate match between the celebrity's personality and product's attributes. This match-up also proves to be successful because the congruence of features from the celebrity and the product targets the senses of the customer more positively and leads to the development of favorable perceptions about the brand" (Michael 1989, Ohanin 1991).

OBJECTIVE OF STUDY

The purpose of this research paper is to study the nature and extent of impact of Celebrity Endorsement on Brand

Purchase for the population in the Pune region of India for the year 2013. The paper attempts to seek answer to the questions like:

- Does Celebrity Brand Endorsements impact the purchase behavior of the consumers?
- What are the other factors that impact the purchase behavior of the consumers in beverage industry in India?

RESEARCH HYPOTHESIS

- **H0 :** Celebrity Endorsement does not significantly impact Brand Differentiation

  H1 : Celebrity Endorsement significantly impacts Brand Differentiation

- **H0 :** Celebrity Endorsement does not significantly impact Brand Image

  H1 : Celebrity Endorsement significantly impacts Brand Image

RESEARCH METHODOLOGY

- **Research Design:** Descriptive Research
- **Target Population:** Soft drinks consumers in Pune region under the age group of 20-40
- **Sampling Framework:** Colleges, Shopping Malls, Retail Outlets
- **Sampling Technique:** Probability Cluster Sampling
- **Sampling Element:** Individual Consumer
- **Sampling Area:** Pune Region
- **Sample Size:** 500
- **Type of Data:** Primary Data
- **Data Collection Tool:** Structured Questionnaire
- **Data Analysis Method:** Chi-Square Test using MS-Excel

DATA ANALYSIS AND RESULTS

A chi-square test was performed on the data collected through the structured questionnaire and the analysis was done using MS-Excel that generated the following output. The chi-square statistic was tested at 5 percent level of significance for a sample of 500 respondents.

For Testing the First Hypothesis, H0: Celebrity Endorsement Does Not Significantly Impact Brand Differentiation; following question was asked to the 500 respondents. “Rate the following question on a scale of 1 to 7 where 1 being the lowest preference and 7 being the highest preference”. The responses are tabulated in the Table 1 below:

Table 1: Chi Square Testing - Observed Frequency

Rate Scale (1-Lowest & 7-Highest)	Need for Soft Drinks are Generated through Endorsements	My Preferred Brand of Soft Drink Helps me Attain the Type of Life I Strive for Because of the Celebrity who is Endorsing it	Most of the Brands of Soft Drink are all Alike Except When the Advertisement Helps in Differentiating it	I don’t Think Celebrity Endorsement has Any Impact at All	Total
1	9	12	14	11	46
2	19	20	19	21	79
3	26	35	22	23	106
4	32	28	33	37	130

Table 1: Contd.,

5	26	20	10	18	74
6	12	22	16	4	54
7	1	0	10	0	11
	125	**137**	**124**	**114**	**500**

Table 2: Chi Square Testing - Expected Frequency
Expected Frequency = (Row Total*Column Total)/Grand Total

Rate Scale (1-Lowest & 7-Highest)	Need for Soft Drinks are Generated through Endorsements	My Preferred Brand of Soft Drink Helps me Attain the Type of Life I Strive for Because of the Celebrity who is Endorsing it	Most of the Brands of Soft Drink are All Alike Except When the Advertisement Helps in Differentiating it	I don't Think Celebrity Endorsement has any Impact at All
1	11.5	12.604	11.408	10.488
2	19.75	21.646	19.592	18.012
3	26.5	29.044	26.288	24.168
4	32.5	35.62	32.24	29.64
5	18.5	20.276	18.352	16.872
6	13.5	14.796	13.392	12.312
7	2.75	3.014	2.728	2.508

Table 3: Calculation of Chi Square Value =(ob-exp)^2/exp Chi Square Value =(ob-exp)^2/exp

Rate Scale	Need for Soft Drinks are Generated through Endorsements	My Preferred Brand of Soft Drink Helps me Attain the Type of Life I Strive for Because of the Celebrity who is Endorsing it	Most of the Brands of Soft Drink are All Alike Except When the Advertisement Helps in Differentiating it	I don't Think Celebrity Endorsement has any Impact at All
1	0.54348	0.028944462	0.588925666	0.0249947
2	0.02848	0.125164742	0.017888118	0.4956775
3	0.00943	1.221386035	0.699442483	0.0564475
4	0.00769	1.630106682	0.017915633	1.8275843
5	3.04054	0.003756954	3.800997384	0.0754139
6	0.16667	3.50754366	0.507890084	5.6115452
7	1.11364	3.014	19.3848915	2.508
				50.058446

Table 4: Output Table

Chi Square Calculated	50.058
Chi Square Critical	28.87
P Value	0.00
Sig Level	0.05

From Table 2, Table 3 and Table 4, we can observe the calculation of Chi-Square value and its critical value at 18 degrees of freedom and 5 percent level of significance. As the Chi Sq. Calculated (50.058) is greater than Chi Sq. Critical value (28.87), we reject Null Hypothesis. The P-value is 0.00 which is less than Significance value of 0.05; hence we reject the null hypothesis. We thus conclude that Celebrity Endorsements significantly impacts Brand Differentiation.

For testing the second hypothesis, H0: Celebrity Endorsement does not significantly impact Brand Image; following question was asked to the 500 respondents. "Which of the following Celebrity-Brand Pair best resonate each other? Rate your preference on a scale of 1 to 5 where 1 means best and 5 worst". Various pairs of beverage brand and respective celebrity endorsing it was identified to see if consumers really relate to the celebrity endorsement and prefer the brand because of the particular celebrity endorsing it. The responses are tabulated in the Table 5 below for various celebrity-brand pair:

Table 5: Chi Square Testing - Observed Frequency

Rate Scale	Amir Khan for COKE-COLA	Salman Khan for THUMPS-UP	Katrina Kaif for SLICE	Ranbir Kapoor for PEPSI	Hrithik Roshan for MOUNTAIN DEW	Shahrukh Khan for FROOTI	Total
1	5	10	5	6	10	20	57
2	11	12	14	27	20	10	96
3	6	6	5	1	5	7	33
4	30	40	35	40	25	31	205

Table 5: Contd.,

5	31	20	20	17	18	13	124
	83	**88**	**79**	**91**	**78**	**81**	**500**

Table 6: Chi Square Testing - Expected Frequency
Expected Frequency = (Row Total*Column Total)/Grand Total

Rate Scale	Amir Khan for COKE-COLA	Salman Khan for THUMPS-UP	Katrina Kaif for SLICE	Ranbir Kapoor for PEPSI	Hrithik Roshan for MOUNTAIN DEW	Shahrukh Khan for FROOTI
1	9.462	10.032	9.006	10.374	8.892	9.234
2	15.936	16.896	15.168	17.472	14.976	15.552
3	5.478	5.808	5.214	6.006	5.148	5.346
4	34.03	36.08	32.39	37.31	31.98	33.21
5	20.584	21.824	19.592	22.568	19.344	20.088

Table 7: Calculation of Chi Square Value =(ob-exp)^2/exp
Chi Square Value =(ob-exp)^2/exp

Rate Scale	Amir Khan for COKE-COLA	Salman Khan for THUMPS-UP	Katrina Kaif for SLICE	RanbirKapoor for PEPSI	HrithikRoshan for MOUNTAIN DEW	Shahrukh Khan for FROOTI
1	2.1041475	0.0001021	1.7819272	1.844213997	0.1380639	12.552172
2	1.5288715	1.4187273	0.0899409	5.195901099	1.6854017	1.9820412
3	0.0497415	0.0063471	0.0087833	4.172500167	0.0042549	0.5117314
4	0.4772524	0.425898	0.2103149	0.193945323	1.5234647	0.1470671
5	5.270747	0.1524457	0.0084965	1.373742644	0.0933797	2.5009829
						47.452605

Table 8: Output Table

Chi Sq Calculated	48.844
Chi Sq Critical	31.41
P Value	0.00
Sig Level	0.05

From Table 6, Table 7 and Table 8, we can the calculation of Chi-Square value and its critical value at 20 degrees of freedom and 5 percent level of significance. As the Chi Sq. Calculated (48.844) is greater than Chi Sq. Critical value (31.41), we reject Null Hypothesis. The P-value is 0.00 which is less than Significance value of 0.05; hence we reject the null hypothesis. We thus conclude that Celebrity Endorsement significantly impacts Brand Image.

FINDINGS & CONCLUSIONS

From the above analysis, we conclude that:

- Celebrity Endorsements significantly impacts Brand Differentiation. Most of the beverage user associate themselves with the brand and establishes congruence between their personality and that of brand's. The establish a linkage between their lifestyle and that of brand which prompts them to go for a particular brand disregards of price, availability or any other factor. The given finding is in line with the previous literature findings by several authors in the past. Various industry researches have also endorsed the findings that celebrities do create brand differentiation.

- Another major conclusion that can be drawn from the study is that Celebrity Endorsement significantly impact Brand Image. The several celebrities –brand pair was chosen to reflect the various personality types to which individual consumer can associate and to understand whether the celebrity really influences the image of the brand which ultimately attracts the consumer towards it. This finding has also been reported by many researchers and authors in the past and in several industries like automobiles, FMCG products they have proven how brand Image has been influenced by celebrity endorsements.

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